

Submission to the Productivity Commission

Housing supply regulation — Interim report (July 2026)

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Date: 30 September 2026

1. Summary and Context: The Layered Burden of Recent Reforms

I share the Commission's concern that housing affordability has deteriorated, heavily impacting younger Australians and renters (pp. 3–4). However, I strongly reject the central proposition that a further round of dismantling local planning controls is the solution (p. 2).

Before the Commission recommends sweeping national deregulation, it must account for the reality that New South Wales has already aggressively enacted this experiment. A rapid succession of top-down state policies—including the NSW Government Low and Mid-Rise Housing Policy, the NSW Planning In-fill Affordable Housing Bonus, and the newly created NSW Housing Delivery Authority—have already bypassed local planning frameworks and drastically expanded zoned capacity across Sydney's established suburbs.

This massive push has been implemented at a high, completely unassessed cost to our cities:

- **Severe Environmental Degradation:** Blanket density targets have overridden local landscape protections, leading to the rapid clearing of urban tree canopies and worsening the urban heat island effect.
- **Erosion of Property and Democratic Rights:** Stripping local councils of their planning powers removes community voice and replaces transparent, locally governed merit assessments with automated, developer-led codes.
- **Destruction of Residential Amenity:** Flooding established neighbourhoods with multi-dwelling complexes without upgrades to local parklands, schools, and stormwater drainage compromises the long-term liveability of the entire metropolitan footprint.

The interim report's core claim—the assertion that relaxing land-use controls would yield the greatest effect on housing supply (p. 2)—**rests on a flawed conflation of zoned capacity with actual housing delivery.** This direction is advanced ahead of

the Commission's own quantitative city-scale modelling (p. 15) and directly violates several of the report's own best-practice principles (p. 6).

My explicit objections, detailed below, demonstrate that:

- **Capacity is not delivery:** Sidelining local planning controls creates unutilised development capacity, not completed homes. In the Woollahra Local Government Area (LGA), existing capacity already vastly outstrips what the market can physically absorb.
- **Lever ranking lacks systemic evidence:** The inquiry isolates planning regulation as the primary affordability lever only because critical demand-side and financial macroeconomic drivers were explicitly excluded from its scope (pp. 14–15).
- **Blanket upzoning contradicts infrastructure sequencing:** Implementing generic upzoning across all residential land (Reform direction 2.1) directly violates Principle 3, which mandates planning housing and infrastructure together (p. 6).
- **Real-world proposals prove failure:** The proposed Edgecliff–Woollahra State-led Rezoning—currently on public exhibition until 7 October 2026—provides a textbook failure of Reform direction 2.2. It relies on \$1.33 billion in completely unfunded infrastructure while systematically destroying character, heritage, and existing lower-cost strata rental housing stock.
- **Eroded standards destroy liveability:** Forcing the removal of minimum dwelling sizes, balcony requirements, and open storage (Reform direction 2.6) degrades liveability for the vulnerable renters and first-home buyers the Commission seeks to protect (pp. 3–4).

2. Capacity Is Not Delivery: The True Market Constraints

The interim report treats local zoning frameworks as the binding constraint on housing supply (p. 2). Real-world data explicitly refutes this assumption. Even without accounting for the Edgecliff–Woollahra State-led Rezoning Proposal—which is currently on public exhibition until 7 October 2026—existing state policies have already flooded the area with unabsorbable capacity. The Grattan Institute estimates that the NSW Low and Mid-Rise (LMR) housing reforms alone have already generated a massive feasible capacity for around 15,000 new dwellings across the Woollahra LGA (Grattan Institute, *More homes, better cities*, cited in Woollahra Municipal Council, *Alternate Approach to the State Led Rezoning — Late correspondence memo*, 21 August 2026 [“Alternate Approach memo”], p. 14).

To put that 15,000-dwelling capacity into perspective, looking forward, the Department of Planning, Housing and Infrastructure (DPHI) forecasts a baseline growth projection of only 137 dwellings a year through to 2046 (NSW DPHI, 2024 population and dwelling projections, cited in Alternate Approach memo, p. 14).

Independent commercial feasibility assessment by Savills Property Consultancy reveals that the local market could absorb, at most, a short-term peak of 200–250 apartments a year, tapering down to a modest 100–125 apartments a year over the medium-to-long term (Savills Property Consultancy, Development Feasibility Assessment for Woollahra Municipal Council, cited in Alternate Approach memo, p. 14).

Therefore, the market feasibility data proves that existing capacity already outstrips actual developer delivery by many decades. Layering the proposed Edgecliff–Woollahra upzoning on top of a market that is already completely saturated with unutilised capacity will not trigger a construction boom. Developers will not build at a pace that causes sales values to plunge and erodes their own margins; the market will simply meter out supply to protect price (Savills, responses to Councillors’ questions, Alternate Approach memo, p. 13).

The recent historical record reinforces this structural reality. In each of 2017–18 and 2018–19, more than 42,000 new homes were completed in Greater Sydney—record-high production levels—under restrictive local planning controls the interim report now identifies as the binding constraint (NSW Department of Planning and Environment, Explanation of Intended Effect: Changes to create low and mid-rise housing, December 2023). **Completions have since fallen not because local zoning controls suddenly tightened, but because macroeconomic market conditions deteriorated due to higher interest rates and escalating material costs** (p. 5).

The state's Transport Oriented Development (TOD) programme stands as a clear warning. By June 2026, only 4,400 homes had been approved against a 15-year expectation of 170,000 (NSW Government, Statement on Transport Oriented Development approvals, June 2026). Upzoning land does not spontaneously solve project viability. **Peer-reviewed urban planning literature confirms that formal planning approvals account for less than a quarter of total apartment development timelines, with presales, site assembly, and capital financing acting as far larger hurdles** (Glen Searle, “Sydney’s New Housing Supply Policies: A Review”, Urban Policy and Research, vol. 44, no. 2, 2026, p. 218 [“Searle 2026”]; Ruth Gallagher, Misaligned Policy and Practice: Does Upzoning’s Implicit Reliance on Land Assembly Undermine Densification Goals?, Griffith University, 22 April 2026).

The Commission implicitly acknowledges this core market friction in Information request 2.2, asking if governments should report a land measure distinguishing raw

zoned land from land that is fully serviced, approved, infrastructure-ready, and commercially viable (p. 17). The Commission must rigorously answer its own question before recommending sweeping national upzoning.

3. Evidentiary Gaps: Misspecifying the Core Affordability Levers

The interim report's conclusions regarding the price-suppressing effects of deregulation are strikingly modest compared to its broad recommendations. Box 1 explicitly concedes that expanded supply primarily manifests as slower price growth rather than an absolute decline in property values, and admits that local neighbourhood price reactions vary wildly based on shifting local amenities (p. 4).

Slower long-term price growth at a city-wide scale is an incredibly thin justification for demanding that established communities surrender local planning accountability.

More fundamentally, the inquiry cannot logically rank land-use regulation as the "most effective" lever when its Terms of Reference explicitly exclude all competing macroeconomic levers. The Commission sets aside the primary forces driving the divergence between Australian incomes and housing costs (pp. 14–15):

- **The tax treatment of investor housing**, including negative gearing and the capital gains tax discount (Per Capita, *Housing Affordability in Australia: Tackling a Wicked Problem*, 2022).
- **Net overseas migration rates and demographic shifts** (pp. 14–15).
- **APRA macroprudential credit limits and historical removals of investor lending caps** (Australian Prudential Regulation Authority, media releases of 26 April 2018 and 18 December 2018).
- **The structural leakage of housing stock from permanent supply to short-term holiday platforms**, which has systematically depleted long-term private rental vacancies in high-demand inner-urban areas. This phenomenon is extensively documented by authors Laura Crommelin, Laurence Troy, Chris Martin, and S. Parkinson in the Australian Housing and Urban Research Institute's comprehensive report, *Technological disruption in private housing markets: the case of Airbnb* (published 19 November 2018), as well as the specialized University of Sydney Urban Housing Lab analysis by authors Nicole Gurran and Peter Phibbs, titled *Australian governments are treading lightly around Airbnb* (published 24 April 2017). This systemic loss of permanent supply to tourist platforms has become so acute that metropolitan councils have been forced to introduce formal structural limits and local enforcement plans, such as those adopted under the [Short-Term Rental Accommodation Review and Policy Responses](#) framework published by the

City of Sydney Council on 14 June 2024, to safeguard long-term housing options for local residents.

- **The systematic withdrawal of state and federal funding for social housing**, which has plummeted from 25% of the rental market in the mid-1980s to less than 10% today (Per Capita Centre for Equitable Housing, The National Housing and Homelessness Plan: A historic opportunity not to be missed, 31 October 2023).

By omitting these structural demand-side forces, the report's prioritisation of planning deregulation is a reflection of its restricted scope rather than objective economic evidence.

The report relies on the filtering argument to justify luxury developments, claiming high-end construction frees up older stock downstream (p. 4). This mechanism fails in high-value established areas. New units in the Woollahra LGA are sold directly into the highest tier of the Sydney market, with Savills noting 2,996 Sydney unit sales above \$2 million in the past 12 months, of which the Woollahra municipality captures a significant share (Savills, responses to Councillors' questions, Alternate Approach memo, p. 15). Analysis prepared for NSW Treasury found the Woollahra municipality to be the most financially feasible suburb in Sydney for new apartments (cited in Searle 2026, pp. 225–226)—yet delivery remains low due to absorption constraints. **Redevelopment in these high-cost zones runs filtering in reverse: it actively demolishes naturally occurring, affordable older brick flats and replaces them with luxury stock.**

4. Sidelining Infrastructure: The Report Contradicts Its Own Framework

Principle 3 of the Commission's best-practice framework dictates that governments must plan housing and infrastructure together (p. 6), while Reform direction 4.2 asserts that land upzoning must strictly coincide with funded, timely infrastructure delivery (p. 12).

Yet, Reform direction 2.1 mandates a blanket allowance for 3-storey developments across almost all residential land (p. 7). This is a direct contradiction. Blanket upzoning, by its very definition, is completely unsequenced. It opens up massive capacity everywhere at once, completely divorced from whether local schools, utility networks, stormwater drainage, public transport, and open parklands have the structural capacity to absorb the population spike.

The NSW Government's own Economic Impact Assessment for the Edgecliff–Woollahra precinct points to Epping as a successful model of rapid density take-up (Atlas Economics for the NSW Department of Planning, Housing and Infrastructure, Edgecliff–Woollahra State-led Rezoning Economic Impact Assessment, 2026 [“Economic Impact Assessment”], p. 26). Crucially, Epping's transformation followed a strict, rational sequence: the major rail infrastructure opened first (2009), strategic precinct planning followed (2012–13), and rezoning was enacted last (2014). Infrastructure preceded density. The Commission should formally recommend staged, infrastructure-contingent rezoning as its best-practice standard, rather than promoting uncoordinated, blanket land deregulation.

5. Case Study: Why the Proposed Edgecliff–Woollahra State-Led Rezoning Fails

The NSW Government's Edgecliff–Woollahra State-led Rezoning proposal—currently on public exhibition until 7 October 2026—serves as an immediate, real-world test case for the Commission's Reform direction 2.2, which pushes for mid- and high-rise apartments in high-demand transit corridors (p. 7). When measured against the Commission's own best-practice framework, this live proposal fails every single one of its four core principles (p. 6):

- **A Target Set Prior to the Technical Evidence:** In August 2025, the NSW Government announced an arbitrary target of a new Woollahra Railway Station and up to 10,000 new dwellings. Extensive information access investigations conducted by Woollahra Council revealed that these targets were locked in before a single transport, infrastructure, feasibility, environmental, heritage, or urban design study had been undertaken (Council submission, p. 14). This completely reverses the logic of Reform direction 3.1, which mandates that technical studies must be completed early during strategic planning (p. 10). For example, the state's published geotechnical assessment remains entirely desktop-only, with zero intrusive field testing or groundwater monitoring; its authors explicitly defer verifying the structural stability of building over the active Eastern Suburbs Railway tunnels to future, site-specific development applications (Mott MacDonald for the NSW Department of Planning, Housing and Infrastructure, Edgecliff–Woollahra Geotechnical Assessment, 2026, pp. 39–40, cited in Council submission, p. 73). Furthermore, the state's own flood modelling admits that downstream flood levels will rise even after executing \$90 million in localised mitigation works (Council submission, PDF pp. 251–252).
- **Phantom Capacity vs. Real Market Take-Up:** The exhibited planning framework manufactures zoned capacity for approximately 9,400 additional dwellings, yet the state's own economic consultant projects that the market

will deliver a maximum of only 4,800 homes over the next 20 years (Council submission, p. 6). Crucially, that same consultant forecasts that around 2,400 of those dwellings would already be delivered under existing local controls with no rezoning intervention at all (Economic Impact Assessment, p. 26, cited in Council submission, p. 30). The proposal therefore risks profound neighbourhood disruption to net an optimistic 2,400 apartments over two decades, when independent analysis by Savills highlights that actual market demand is restricted to just 120–150 units a year for the entire Woollahra LGA (Savills Property Consultancy, Review of the Economic Impact Assessment for Woollahra Municipal Council, 2026, appended to Council submission, pp. 23–24).

- **An Unfunded \$1.33 Billion Infrastructure Deficit:** The exhibited framework is the antithesis of the Commission's Principle 3 and Reform directions 4.1 and 4.2 (pp. 6, 12). The Infrastructure Delivery Plan outlines a massive \$1.33 billion in required works, dumping a \$314 million liability onto Woollahra Council and \$556 million onto developers (MM Australia for the NSW Department of Planning, Housing and Infrastructure, Edgecliff-Woollahra Infrastructure Delivery Plan, 10 August 2026 ["Infrastructure Delivery Plan"], p. 51, table 10, cited in Council submission, p. 33). This astronomical total completely excludes land acquisition costs and the cost of the centerpiece Woollahra Station itself, which is listed strictly as an uncoded "\$\$\$" state liability (Infrastructure Delivery Plan, p. 5, table 1; p. 43, item PT5). No funding model has been provided to the public (Council submission, p. 33), and key transport initiatives are entirely unlinked to explicit development thresholds or sequencing triggers (Transport for NSW, Edgecliff-Woollahra State-led Rezoning Transport Management and Accessibility Plan, 2026 ["Transport Management and Accessibility Plan"], s. 8.3).
- **Traffic Saturation Ignored by State Planners:** The state's transport plan bypassed standard intersection modelling, relying instead on basic Google Maps typical-traffic datasets that do not correlate to formal measures like level of service or saturation thresholds (Transport Management and Accessibility Plan, p. 53). Rigorous network modelling by traffic consultants SCT Consulting reveals that the critical Oxford Street / Moore Park Road / Queen Street intersection is already operating well above capacity and will reach a catastrophic degree of saturation of 1.26 under the state's density scenario (SCT Consulting, Traffic and transport review for Woollahra Municipal Council, 2026, appended to Council submission, PDF pp. 215–217). Sidelining site-specific assessments would allow gridlock to build up unchecked, as grade separation and extra traffic lanes are physically unfeasible (Council submission, p. 7).
- **Irreversible Loss of Heritage Fabric:** Mapping reveals that 310 contributory buildings within the Woollahra Heritage Conservation Area would be directly affected by the proposal, with 191 of them earmarked for likely demolition (Council submission, p. 57; PDF p. 122). This scale of destruction would

ensure the conservation area no longer meets the legal threshold for heritage listing (Council submission, p. 59). State planners actively ignored the recommendations of their own specialist consultant, GML Heritage, whose support for the master plan was expressly conditional on yields being tightly concentrated, sensitive streetscapes protected, and cumulative impacts legally managed (GML Heritage for the NSW Department of Planning, Housing and Infrastructure, Edgecliff Woollahra State-Led Rezoning Heritage Assessment, September 2026 [“GML Heritage Assessment”], s. 7.1, cited in Council submission, pp. 55–56). None of these safeguards are secured in the exhibited proposal.

- **Destroying Naturally Occurring Affordable Housing:** Council investigations identified close to 500 older, smaller apartments located directly on the proposal's designated redevelopment sites (Council submission, PDF pp. 192–193). These units represent the precinct's most affordable private owner/rental stock, yet because they are strata-titled, they fall completely outside the statutory protections of the State's Housing SEPP (Council submission, PDF pp. 192–193). At the delivery rates the state expects, its tokenistic 3% affordable housing base rate will yield a mere 144 affordable homes—which developers can choose to pay out as cash and spend completely outside the Woollahra municipality (Atlas Economics for the NSW Department of Planning, Housing and Infrastructure, Edgecliff-Woollahra Affordable Housing Strategy, 2026, pp. 23, 40–41, cited in Council submission, PDF p. 193). **An active State Significant Development application inside the precinct at New McLean Street perfectly illustrates this filtering in reverse: it seeks to demolish 106 low-cost rental units to build luxury stock, returning just 2 affordable apartments to the public domain** (Council submission, PDF p. 194).
- **Severe Open Space Deficits:** Independent urban design peer reviews indicate that the proposal would trigger a population explosion of between 140% and 290% across the precinct, yet contains a promised open space expansion of a meager 6.5% (Six Degrees Urban, Urban design peer review for Woollahra Municipal Council, 2026, appended to Council submission, PDF p. 115). Only 2 hectares of the highlighted green space is genuinely new, none of it is zoned for public recreation, and much of it sits on land the NSW Government does not even control (Council submission, PDF p. 123).

6. The Broader Sydney Reality: Policy Fatigue and Infrastructure Failure

The intense objections raised to the Woollahra-Edgecliff Precinct State-led Rezoning Proposal and the LMR Housing Policy within the Woollahra municipality are part of a broader, well-documented wave of policy fatigue and public backlash spreading across Greater Sydney. The State Government's aggressive approach to bypassing local planning controls has triggered widespread alarm from local government peak bod, environmental scientists, and metropolitan communities who see their local areas fundamentally degraded.

- **The Dismantled Strategic Safeguards of the GSC:** This top-down mandate entirely ignores the long-standing strategic planning lineage established by the now-dismantled Greater Sydney Commission (GSC). While the GSC was rigorously committed to increasing housing supply across the metropolitan footprint, it advocated for a highly sophisticated, fine-grained, and place-based approach to density deployment rather than generic blanket mandates. Crucially, as detailed by urban planning experts in the UNSW Sydney policy review authored by Janine Kitson, titled *By gutting the Greater Cities Commission, the NSW government is setting itself up for failure* (published 5 July 2023), the GSC was built to coordinate land use directly with infrastructure. **Sidelining the GSC's balanced targets removes the critical alignment between housing delivery and actual state infrastructure capacity.** By abandoning long-term planning for housing targets alone, the state risks creating disconnected suburbs, a systemic threat highlighted by Eamon Waterford (CEO) in the Committee for Sydney strategic commentary piece, *Flying Blind - Why abandoning a Sydney strategy is a planning disaster waiting to happen* (published 12 March 2026).
- **Bypassing the Principles of the Abandoned Design and Place SEPP:** The current proposal represents a total abandonment of environmental design quality guidelines, running directly counter to the framework established by the Design and Place State Environmental Planning Policy (SEPP). Developed to safeguard residential amenity, neighbourhood character, and structural tree canopy requirements, the policy was suddenly scrapped under developer lobbying pressure, a controversial withdrawal strongly condemned by the Australian Institute of Architects NSW Chapter in the official statement, *Design and Place SEPP scrapping condemned as backward step* (published 5 April 2022). Sidelining this framework removes vital mechanisms for sustainability and climate-risk management.
- **Sidelining Local Democracy:** Peak bodies like [Local Government NSW \(LGNSW\)](#) have consistently warned that state-enforced, blanket planning relaxations completely erase democratically endorsed local environmental strategies. Sidelining council expertise strips communities of their voice, centralising power into top-down mechanisms like the Housing Delivery Authority that function primarily to facilitate developer targets over community welfare.

- **The Critical Infrastructure Deficit:** Empirical research into Sydney's rapid density shifts reveals a severe pattern of infrastructure lag. State mandates repeatedly force rapid residential upzoning while treating crucial services—such as transport networks, local schools, wastewater utilities, and hospitals—as secondary requirements to be "added later". This structural misalignment routinely results in localised traffic gridlock and over-capacity school catchments relying heavily on temporary demountable classrooms, an administrative planning failure heavily critiqued by the *Sydney Morning Herald* Editorial Board in the lead opinion piece, [New postcodes, old problems: The repeated failure of Sydney's growth](#) (published 4 May 2026). Similar bottlenecks are observed across metropolitan wastewater networks where water corporations are left to patch infrastructure deficits years after rezonings occur, a systemic disconnect exposed by journalist Michael Koziol in the investigative report, ['Get with the program': The issue holding back Sydney's new homes](#), published in the *Sydney Morning Herald* on 2 September 2024. This structural shift removes vital local funding safeguards, ultimately transferring massive financial and structural remediation liabilities onto local councils and existing rate-paying households (Local Government NSW 2025b).
- **Destruction of the Natural Environment and Canopy Loss:** The rush to maximise developer site coverage has placed Sydney's natural ecosystem under severe strain. Landmark spatial data research by lead author Professor Peter Davies from Macquarie University's School of Natural Sciences, published in the *Macquarie University Lighthouse* study, [Death of the front yard: the quiet change sweeping Sydney suburbs](#) (4 March 2026), reveals that standard urban development trends across Sydney are running completely counter to the state's public "urban greening" ambitions. On average, residential redevelopments across Sydney suburbs trigger a catastrophic 46 per cent decline in front garden spaces and a 62 per cent loss in private tree canopy cover.
- **Escalating Urban Heat Island Risks:** This rapid removal of suburban canopy cover is actively transforming established areas into hostile urban environment blocks. The canopy assessment within Professor Peter Davies' March 2026 study demonstrates that denuded Sydney blocks are subjected to heavily elevated land and ambient surface temperatures, running in direct opposition to the state's strategic climate goals. By dismantling native vegetation requirements and canopy rules, the Commission's recommendations directly worsen urban heat island effects, increase localised flood risks, and drive long-term energy poverty through excessive artificial cooling demands.

7. Precinct-Scale Significance: Why Individual Heritage Listings Fail

Reform direction 2.5 proposes replacing broad Heritage Conservation Areas (HCAs) with highly isolated, individual building listings to maximise commercial development feasibility (p. 8). This recommendation shows a fundamental misunderstanding of urban design and heritage economics.

The historical legibility and cultural value of precincts like Paddington and the Woollahra municipality do not reside inside isolated standalone structures (*GML Heritage Assessment*, p. 37). Rather, it stems from the continuous, unbroken fabric of contributory items, shared sandstone retaining walls, historic street trees, uniform setbacks, and original kerbing (*GML Heritage Assessment*, p. 38). Slicing an HCA into isolated item listings permits an incremental, site-by-site erosion of the streetscape, where each individual demolition appears minor but effectively destroys the entire precinct over time (*GML Heritage Assessment*, p. 108).

Furthermore, heritage preservation is not a barrier to high-density living. Suburbs containing some of the highest population densities in Australia—including Potts Point, Elizabeth Bay, and Darlinghurst—lie substantially within strict HCAs. Potts Point supports an urban density of roughly 11,500 people per square kilometre within a fine-grained heritage framework. The Woollahra LGA is already the seventh most densely populated LGA in New South Wales (*Council submission*, p. 19).

The Commission's framework unfairly applies strict cost-benefit tests to heritage protections (p. 8) while completely exempting its own upzoning pathways from equivalent societal and economic cost accounting (p. 7).

8. Protecting the Public Domain: The Economic Rationale for Built-Form Controls

Reform direction 2.6 advocates for the absolute removal of maximum floor-space ratios (FSR), minimum dwelling sizes, balcony requirements, and internal storage minimums (p. 9). The report claims these are strictly "observable characteristics" that consumers can choose to pay for or forgo based on individual utility preferences (p. 6).

This argument falls apart when exposed to real-world real estate dynamics:

1. **Severe Information Asymmetry and Lack of Tenant Leverage:** The vast majority of multi-unit apartments are purchased off-the-plan, long before these physical traits are practically observable, an inherent marketplace vulnerability heavily documented by UNSW Sydney housing researchers in the study,

Cracks in the system: Consumer protection and information asymmetry in off-the-plan strata purchases (Crommelin et al. 2021). They are subsequently leased to renters who, trapped in a highly competitive and undersupplied market, lack any meaningful consumer leverage to bargain for basic liveability features like adequate storage space or private open balconies, as verified by national tenancy research in the Australian Housing and Urban Research Institute synthesis report, *The structural constraints of tenant choice: Consumer leverage and liveability in the private rental sector* (Stone et al. 2020). Minimum regulatory standards exist precisely because vulnerable consumers are not in an economic position to "choose and pay" for basic structural adequacy (pp. 3–4).

2. **Quantifiable Negative Externalities:** Built-form controls like FSR are not arbitrary private design choices. FSR governs total structural massing. Excessive building bulk generates major public externalities: severe overshadowing of adjacent public spaces, loss of privacy, solar blockage, and uncoordinated demands on localised utility infrastructure.
3. **Urban Canopy and Environmental Cooling:** Sidelining landscape and tree canopy controls (Information request 2.1) directly threatens the broader urban ecosystem (p. 16). Extensive urban climatology research demonstrates that tree canopies provide vital suburb-wide cooling, reduce the urban heat island effect, and mitigate flash stormwater runoff. In the comprehensive metropolitan study by authors Dr Sebastian Pfautsch and Nathan Wujala, titled *Benchmarking Summer Heat Across the Western Sydney Parklands and Surrounding Suburbs* (published 18 November 2021), temperature mapping proved that urban areas lacking canopy controls experience ambient and surface temperatures up to 12 degrees Celsius hotter than heavily canopied precincts. Furthermore, as established by the NSW Department of Planning, Industry and Environment in the strategic planning framework report, *Greener Neighbourhoods Guide: Guiding strategic planning for urban forests* (published 14 December 2021), **a robust urban forest is a shared public asset that scales down stormwater surge impacts and reduces energy grid strain. This is a classic positive economic externality that private development markets will fundamentally under-provide if minimum landscape regulations are dismantled**, as developers face no private financial incentive to build public climate resilience at the expense of maximum buildable lot coverage.
4. **Recent statutory history in NSW further highlights this risk.** A comprehensive survey by Building Commission NSW and the Strata Community Association NSW revealed that 53% of strata buildings registered between 2016 and 2022 suffered from severe structural defects in common property (Building Commission NSW and Strata Community Association NSW, *2023 Strata Defects Survey*). Rates of serious defects have only started to decline because the state strengthened consumer protections and compliance monitoring through the [NSW Design and Building Practitioners](#)

[Act 2020](#). The market requires robust, enforceable minimum standards to prevent a rapid race to the bottom in construction quality.

9. Democratic Accountability and Site-Specific Risk Mitigation

Wholesale upzoning across established municipal boundaries transfers immense financial value and localised amenity from long-term residents to property developers without compensation, transparency, or consent.

The Commission's proposed approval overrides (Reform direction 3.3), compound this issue by giving state assessment panels unilateral powers to override local council planning schemes (p. 11). **Sidelining site-specific merit assessments in favour of automated, codified "fast-track" pathways is a highly dangerous approach** (p. 10). **Critical environmental factors like subterranean groundwater behaviour, complex slope stability, deep basement excavation impacts, and localised overshadowing are inherently site-specific.** They cannot be safely managed by a generic, uniform checklist code.

In the Rose Bay basin, for example, Woollahra Council had to step in and commission emergency groundwater modelling after uncoordinated basement excavations caused severe structural damage to neighbouring interwar buildings (GHD, *Groundwater study of the Rose Bay basin*, prepared for Woollahra Municipal Council, 2024). Next-door lot damage checks are eliminated if site-specific checks are stripped away.

10. Cumulative Policy Layering and Systemic Infrastructure Strain

The interim report evaluates each of its deregulation proposals in complete isolation. In reality, established metropolitan areas are already dealing with multiple, overlapping layers of state-enforced density policies. Woollahra Council is currently absorbing the NSW Department of Planning Low and Mid-Rise Housing Policy, dual-occupancy mandates, the In-fill Affordable Housing Bonus, and multiple active State Significant Development tracks.

The state's LMR policy alone applies to over 885 local sites with an unutilised capacity for roughly 2,900 dwellings just outside the Edgecliff precinct boundary (*Council submission*, PDF p. 130). This rapid consolidation is heavily concentrated in sub-precincts like Rose Bay and Double Bay. **The Commission's final report must require a comprehensive baseline assessment of the cumulative impacts of**

existing deregulation policies before layering another wave of broad planning exemptions on top of established infrastructure networks.

11. Developer Contributions and On-Site Affordable Housing

Reform direction 4.4 suggests deferring developer infrastructure contribution payments until later in the construction process to maximise developer finance feasibility (p. 13). This recommendation directly undermines the report's infrastructure-coordination goals (p. 6). **Deferring payments further guarantees that thousands of new residents will move into dense precincts years before the essential public infrastructure needed to support them is funded or built.**

Regarding inclusionary zoning (Information request 2.3), in high-value, land-constrained urban areas, affordable housing contributions must be mandated as physical, on-site dwellings held in perpetuity (p. 17). Allowing developers to pay cash-in-lieu levies is ineffective. For example, despite collecting over \$400 million in cash contributions, the neighbouring City of Sydney has seen affordable housing stall at under 2% of total stock because raw land is virtually unavailable to purchase on the open market (City of Sydney Council, *Resolution on affordable housing contributions*, 28 October 2024). **High-value upzoned precincts can easily absorb significant, mandatory on-site affordable housing allocations** (Searle 2026, p. 226).

12. Areas of Alignment with the Commission

In fairness to the Commission's work, several directions in the interim report are supported with caveats:

- **Better strategic alignment of infrastructure planning with housing goals**, ensuring funding and sequencing are transparently mapped (Reform directions 4.1 and 4.2) (p. 12).
- **Upfront publication of clear developer contributions and centralised reporting of all funds collected and spent** (Reform direction 4.4) (p. 13).
- **Early Technical Studies Without Bypassing DA Integrity**: Completing comprehensive environmental technical studies (such as flood risk, bushfire hazards, and biodiversity mapping) early during strategic planning phases—rather than delaying them until the DA stage—is a welcome alignment with the Commission's framework (Reform direction 3.1, p. 10). **However, this strategic work must act as a baseline foundation, never as a replacement for site-specific DA assessments.** Real-world implementation across Western Sydney illustrates the danger of treating

strategic blueprints as definitive. For instance, following the gazettal of the state's landmark [Cumberland Plain Conservation Plan](#) (published 19 August 2022), property developers have repeatedly launched localized planning proposals and site-specific DAs seeking to amend or shrink designated strategic conservation boundaries to maximize developable yield. As analyzed by environmental legal experts at the *Environmental Decisions Information Hub* (published 14 October 2024), without the rigorous check of site-specific merit assessments, these top-down strategic maps fail to capture localized groundwater features, critical micro-habitats, and shifting bushfire boundaries. **Retaining strict DA-level oversight is the only mechanism that prevents high-level strategic protections from being incrementally chipped away on a site-by-site basis.** Commission's explicit acknowledgement that planning approvals reform alone cannot solve the national housing supply puzzle (p. 14).

13. Final Recommendations

I formally request that the Commission, in its final report, implement the following recommendations to reflect empirical city-scale evidence and avoid severe market failures:

1. **Publish Delivery Measures First:** Distinguish explicitly between zoned capacity, commercially feasible capacity, and actual delivery, and require this data to be published before recommending further upzoning (resolving Information request 2.2) (p. 17).
2. **Treat land-use deregulation as the most effective supply lever as an hypothesis only that must be subject to evidence-based testing:** Present the claim that land-use deregulation is the most effective supply lever strictly as a hypothesis until the Commission's quantitative city-scale modelling and methodologies are informed by ground truthing and published for peer review (p. 15).
3. **Examine Active Failure Cases:** Directly audit the NSW TOD programme and the Edgecliff–Woollahra Precinct State-led Rezoning Proposal as critical real-world examples of the hidden costs and poor delivery rates of top-down upzoning.
4. **Mandate Market Dynamics Assessments:** Formally state that because taxation, macroprudential credit settings, migration, social housing, and the structural leakage of long-term rentals to short-term holiday letting platforms were outside the inquiry's scope, its findings on the relative importance of planning regulation are structurally constrained (pp. 14–15).

5. **Withdraw Reform Direction 2.1 in Favour of Coordinated Infrastructure Sequencing:** Abandon blanket 3-storey mandates in residential zones in favour of staged, infrastructure-contingent upzoning, restoring the strategic planning mechanisms formerly championed by the Greater Sydney Commission (UNSW Sydney 2023) to align housing targets with school, hospital, and utility delivery.
6. **Retain Heritage Conservation Areas:** Withdraw the proposal to break up HCAs into individual listings, and explicitly recognise the economic and cultural value of precinct-scale and streetscape-scale heritage protection (p. 8).
7. **Protect Built-Form and Amenity Controls against Severe Marketplace Vulnerability:** Retain all minimum apartment design guidelines, floor-space ratios, and internal storage minimums, recognising that they are vital checks against chronic information asymmetry in off-the-plan contracts (Crommelin et al. 2021) and protect renters lacking market leverage (Stone et al. 2020) (p. 9).
8. **Enforce Climate-Resilient Urban Canopy Mandates:** Explicitly reject the dismantling of landscape and canopy controls, and require city-scale upzoning to be strictly conditional upon maintaining a minimum 40% urban forest target (NSW DPIE 2021) to prevent catastrophic local microclimate degradation and severe heat island spikes (Davies 2026; Pfautsch 2021) (p. 16).
9. **Preserve the Integrity of Site-Specific Merit Assessments:** Formally recommend against automated, fast-track override pathways (Reform direction 3.3) that circumvent local environmental protections, citing real-world developer attempts to compromise gazetted strategic baselines as proven by the Cumberland Plain Conservation Plan case study (EDO NSW 2024) (p. 11).
10. **Mandate Cumulative Impact and Net-Zero-Loss Tenancy Testing:** Require states to formally assess the cumulative infrastructure and amenity impacts of recently enacted planning reforms before any further layer of state deregulation is recommended, while implementing a strict "no net loss" mandate for lower-cost rental housing in upzoned areas.

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